

Employee Benefits

Mission

To provide centralized budgetary and financial control over employee fringe benefits paid by the County.

Focus

Agency 89, Employee Benefits, is a set of consolidated accounts that provide budgetary control for most employee fringe benefits paid by the County. Benefits paid for all County employees of General Fund agencies are expended from this agency, as well as most benefits paid for County employees in Non-General Fund agencies. Reimbursements are received from Non-General Fund agencies for benefits paid on behalf of their employees.

▪ Group Health Insurance

Fairfax County Government offers its employees and retirees two health insurance alternatives, with the intent of offering employees the best available options. The first is a self-insured alternative including point of service and preferred provider options. The second alternative includes vendor-administered Health Maintenance Organizations (HMOs).

It should be noted that the self-insured health insurance choices are administered through Fund 506, Health Benefits Trust Fund. For a more detailed discussion of the County's self-insured health trust fund, refer to Fund 506 in Volume 2 of the [FY 2006 Adopted Budget Plan](#).

▪ Dental Insurance

Fairfax County Government offers its employees and retirees a dental insurance preferred provider option in order to provide a comprehensive plan with maximum flexibility. The new dental insurance plan became effective January 1, 2005, and replaced three plans with a single dental insurance Preferred Provider Organization (PPO) plan. Included for the first time as part of the new offering was the provision of a 50 percent employer contribution for all eligible active employees who elected dental coverage. Inclusion of an employer contribution as part of the award of contract allowed the County to acquire a high quality, affordable dental insurance plan. It should be noted that retirees that participated in the dental plans that were replaced were given the option to enroll in the new PPO plan on a voluntary basis with no employer contribution.

▪ Group Life Insurance

Life insurance coverage for employees, as approved by the Board of Supervisors beginning in FY 1999, provides group life insurance coverage at one times salary for all County employees funded solely through an employer contribution. If employees choose to accept life insurance coverage above this amount, they are responsible for paying the full premium based on an age-banded premium rating scale.

▪ Social Security (FICA)

Social Security contributions represent the employer portion of salary required to meet Social Security and Medicare tax obligations for Fairfax County employees. Social Security contributions are calculated utilizing a combined rate which includes the portion of salary contributed for Social Security benefits and the portion of salary contributed for Medicare benefits applied to a pre-determined wage base. Any change to the wage base or the Social Security rate is announced in October/November and takes effect January 1 of the upcoming year.

▪ Retirement

Retirement expenditures represent the General Fund net contribution to the three retirement systems as set by employer contribution rates. On March 18, 2002 the Board of Supervisors adopted a corridor approach to employer contributions. The corridor approach adds further stability to the employer contribution rates and continues to adequately fund the Retirement Systems. In the corridor method of funding, a fixed contribution rate is assigned to each System and the County contributes at the fixed rate unless the System's funding ratio falls outside the pre-selected corridor of 90-120 percent or if benefit enhancements are approved.

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In addition, retirees are eligible to receive a Cost-of-Living Adjustment (COLA) composed of a base COLA which is the lesser of the Consumer Price Index (CPI) for the 12 months ending on the previous year's March 31, or 4.0 percent. An additional 1.0 percent COLA can be awarded at the discretion of each retirement system's Board of Trustees. This additional COLA is considered a benefit enhancement and results in an increase in the employer contribution rate.

In FY 2004, a Deferred Retirement Option Plan (DROP) was added as a benefit enhancement for members of the Uniformed and Police Officers Retirement Systems. DROP will be implemented for the Employees' Retirement System in FY 2006. For a more detailed discussion of the County's retirement systems, refer to Fund 600, Uniformed Retirement, Fund 601, Fairfax County Employees' Retirement, and Fund 602, Police Officers Retirement, in Volume 2 of the FY 2006 Adopted Budget Plan.

- **Virginia Retirement System (VRS)**

Beginning in FY 1996, VRS funding was provided in Agency 89 for 233 Health Department employees who were converted from state to County employment. Funding reflects the County's share of payments made into VRS for the converted employees. It should be noted that VRS payments are included only for these converted employees. As they terminate service with the County or transfer to other positions within the County, funding for VRS payments will be reduced.

- **Unemployment Compensation**

Unemployment compensation payments reflect premiums paid to the state based on the actual number of former Fairfax County employees filing claims.

- **Capital Projects Reimbursements**

Capital Projects reimbursements represent the reimbursable portion of fringe benefits for County employees who charge a portion of their time to capital projects.

- **Training**

General training centrally managed by the Department of Human Resources and the Language Coordinator includes: language skills training to recruit and retain bilingual staff to better serve foreign-born residents; the employee tuition assistance (TAP) and language tuition assistance (LTAP) reimbursement programs; and courses related to communications, supervisory development, team building, and career development.

Countywide initiatives include designated training approved by the County Executive and Deputy County Executives, performance measurement training, and expenses associated with the County Executive's specially designated task forces.

Technology-related training is offered in recognition of the challenges associated with maintaining skills at the same pace as technology changes. The rate of change in information technology has out-paced the County's ability to maintain proficiency. As the County's workforce becomes increasingly dependent on information technology, training support has become more essential.

- **Workers Compensation**

Workers Compensation funding reflects payments to Fund 501, County Insurance, for General Fund premiums. Beginning in FY 2006 funding is no longer budgeted in this agency; instead Fund 501, County Insurance, will receive a transfer from the General Fund for Workers Compensation, and the expenditure for Workers Compensation in Agency 89 will be eliminated. For a more detailed discussion of the County Insurance Fund, refer to Fund 501 in Volume 2 of the FY 2006 Adopted Budget Plan.

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Employee Assistance Program (EAP)

Provision of EAP services, including assessment, intervention, diagnosis, referral, and follow-up for workplace issues as they arise, is funded through a contract with an outside vendor.

Other Operating/Capital Equipment

The operating expenses of the Employee's Advisory Council (EAC) are funded utilizing one-third of 85 percent of the actual revenues realized from vending machine sales.

Budget and Staff Resources

Agency Summary					
Category	FY 2004 Actual	FY 2005 Adopted Budget Plan	FY 2005 Revised Budget Plan	FY 2006 Advertised Budget Plan	FY 2006 Adopted Budget Plan
Expenditures:					
Fringe Benefits					
Expenditures	\$163,996,997	\$194,573,115	\$195,662,108	\$213,778,268	\$213,519,422
Reimbursements	(31,183,951)	(33,943,393)	(33,943,393)	(37,028,480)	(37,042,905)
Net General Fund					
Fringe Benefits	\$132,813,046	\$160,629,722	\$161,718,715	\$176,749,788	\$176,476,517
Personnel Services	\$0	\$0	\$0	\$0	\$0
Operating Expenses ¹	7,501,091	7,991,540	8,709,065	1,688,791	1,688,791
Capital Equipment	0	0	0	0	0
Total Expenditures	\$140,314,137	\$168,621,262	\$170,427,780	\$178,438,579	\$178,165,308

¹ Includes Training, Conferences, Workers Compensation and Other Operating Expenses.

FY 2006 Funding Adjustments

The following funding adjustments from the FY 2005 Revised Budget Plan are necessary to support the FY 2006 program:

- ◆ **Group Health Insurance** **\$3,055,074**
 Health Insurance premiums total \$56,727,116, an increase of \$3,055,074, or 5.7 percent, over the FY 2005 Revised Budget Plan. The increase includes \$1,998,475 based on a projected premium increase of 12.0 percent for the self-insured plan and an average increase of 15.0 percent for the HMOs, effective January 1, 2006, and \$1,056,599 based on adjustments to reflect the inclusion of new positions. It should be noted that the primary factors for the premium increase are escalating cost growth, increased utilization, and the rising costs of prescription drugs.
- ◆ **Dental Insurance** **\$2,562,500**
 Dental Insurance premiums total \$2,562,500, equal to the increase over the FY 2005 Revised Budget Plan. This amount reflects the first full year impact of the provision of a 50 percent employer contribution for all eligible active employees who elected dental coverage.
- ◆ **Group Life Insurance** **(\$360,100)**
 Life Insurance premiums total \$2,179,792, a decrease of \$360,100, or 14.2 percent, from the FY 2005 Revised Budget Plan. The decrease includes a decrease of \$618,792 based on negotiated premium reductions, offset by increases of \$47,251 associated with salary adjustments necessary to support the County's compensation program for merit increases and pay for performance; \$46,847 based on the FY 2006 Market Index of 3.07 percent included for employees on the public safety pay scales (C, F, O and P), effective the first full pay period of FY 2006; \$52,627 based on the 4.00 percent adjustment included for employees on the public safety pay scales (F and O), effective the first full pay period of FY 2006; \$7,819 based on an increase in holiday pay to compensate employees according to their actual

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holiday shift hours worked; \$3,977 based on an increase in the shift differential rate to \$0.85 for the evening shift and \$1.10 for the midnight shift; \$32,801 based on the additional hour of guaranteed court overtime pay for Police Officers; and \$67,370 to reflect the inclusion of new positions.

◆ **Social Security (FICA) \$2,842,453**

Social Security contributions total \$40,289,673, an increase of \$2,842,453, or 7.6 percent, over the *FY 2005 Revised Budget Plan*. The increase includes \$1,045,632 associated with salary adjustments necessary to support the County's compensation program for merit increases and pay for performance and to reflect the change in the federally set maximum pay base against which contributions are calculated; \$403,241 based on the FY 2006 Market Index of 3.07 percent included for employees on the public safety pay scales (C, F, O and P), effective the first full pay period of FY 2006; \$416,826 based on the 4.00 percent adjustment included for employees on the public safety pay scales (F and O), effective the first full pay period of FY 2006; \$61,943 based on an increase in holiday pay to compensate employees according to their actual holiday shift hours worked; \$25,684 based on an increase in the shift differential rate to \$0.85 for the evening shift and \$1.10 for the midnight shift; \$79,270 based on the additional hour of guaranteed court overtime pay for Police Officers; and \$809,857 to reflect the inclusion of new positions.

Note: The Social Security wage base increases from \$87,900 to \$90,000 as of January 1, 2005 for the 6.20 percent base contribution rate. The wage base against which the 1.45 percent rate for Medicare is applied remains unlimited. The overall Social Security rate remains unchanged at 7.65 percent. The wage base and/or rate change for January 1, 2006 is not yet known; any subsequent adjustments to the Social Security wage base with a fiscal impact will be included at a quarterly review during FY 2006.

◆ **Retirement (Fairfax County Employees', Uniformed, Police) \$7,016,855**

FY 2006 employer contributions to the retirement systems total \$74,767,669, an increase of \$7,016,855, or 10.4 percent, over the *FY 2005 Revised Budget Plan*. The increase includes \$2,334,756 associated with salary adjustments necessary to support the County's compensation program for merit increases and pay for performance; \$1,713,896 based on the FY 2006 Market Index of 3.07 percent included for employees on the public safety pay scales (C, F, O and P), effective the first full pay period of FY 2006; \$1,891,171 based on the 4.00 percent adjustment included for employees on the public safety pay scales (F and O), effective the first full pay period of FY 2006; \$279,405 based on an increase in holiday pay to compensate employees according to their actual holiday shift hours worked; \$110,730 based on an increase in the shift differential rate to \$0.85 for the evening shift and \$1.10 for the midnight shift; \$2,258,649 to reflect the inclusion of new positions; \$346,992 for the proposed implementation of the Deferred Retirement Option Plan (DROP) for the Employees' system; and \$613,881 based on projected increases in the Employer Contribution rates based on the actuarial valuation (*see table below for further details*), offset by a reduction of \$2,532,625 primarily due to one-time savings as a result of the full-year implementation of DROP for Uniformed and Police employees and the subsequent reduction in the underlying salary base used to calculate contributions as a result of excluding the salaries of those who enroll in DROP.

The increase in rates for FY 2006 follows the current effective actuarial funding policy whereby contribution rates are adjusted to fund approved benefit enhancements and/or to recognize funding adjustments required when the funding ratio falls below 90 percent or rises above 120 percent.

Increases associated with the Corridor

- As a result of the June 30, 2004 actuarial valuation, based on the investment returns experienced by the fund and actuarial losses related to liabilities, the funding ratio for the Employees' system falls below the 90 percent threshold; the final funding ratio is 84.4 percent. The employer contribution rate for the Employees' system is required to increase 0.07 percentage points based on the final funding ratio. The Police Officers and Uniformed Retirement Systems remain within the corridor at 92.6 percent and 93.5 percent respectively, with no increase in the contribution rate.

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Increases associated with Benefit Enhancements

- The Employees' system employer contribution rate will increase 0.12 percentage points based on implementation of the Deferred Retirement Option Plan (DROP). The Police Officers system employer contribution rate will increase 0.48 percentage points based on an elective 1.0 percent cost of living adjustment approved by the system's Board of Trustees.

The following table shows the FY 2005 contribution rates and projected rates for FY 2006 included in the FY 2006 Advertised Budget Plan. It should be noted that the net General Fund impact solely based on the change in the rates is reflected in the table below:

Fund	FY 2005 Rates (%)	FY 2006 Advertised Rates (%)	Percentage Point Increase (%)	Reason for Increase	General Fund Impact
Uniformed	24.30	24.30	0.00	No change.	\$0
Employees'	8.08	8.27	0.19	Required funding adjustment based on funding ratio below approved 90% level (\$202,412) and implementation of DROP (\$346,992).	\$549,404
Police	17.96	18.44	0.48	Adjustment based on the elective 1% COLA approved.	\$411,469
Total					\$960,873

◆ **Virginia Retirement System (VRS)** **\$72,952**

Virginia Retirement System contributions total \$1,060,209, an increase of \$72,952, or 7.4 percent, over the *FY 2005 Revised Budget Plan* associated with salary adjustments necessary to support the County's compensation program for merit increases and pay for performance and required contributions on behalf of the employees covered by VRS.

Note: The number of employees covered by VRS has decreased from 233 in FY 1996 at the program's inception to 133 in FY 2006.

◆ **Capital Projects Reimbursements** **(\$53,708)**

Capital Projects reimbursements total \$1,240,204, an increase of \$53,708, or 4.5 percent, over the *FY 2005 Revised Budget Plan*. The increase is associated with salary adjustments necessary to support the County's compensation program for merit increases and pay for performance for those employees who charge a portion of their time to capital projects.

◆ **Training** **(\$263,055)**

General County Training funding totals \$1,369,542, a decrease of \$263,055, or 16.1 percent, from the *FY 2005 Revised Budget Plan*. The decrease is due to one-time encumbered carryover of \$393,055 at the *FY 2004 Carryover Review*, partially offset by a \$50,000 increase for the Tuition Assistance Program (TAP) and an \$80,000 increase for task force support.

Total FY 2006 training funding includes the following:

- \$247,892 for General County Training Programs including supervisory development, leadership development, language skills training, and communication skill building (written, oral, and interpersonal).
- \$591,650 is included for countywide initiatives including designated training approved by the County Executive and the Deputy County Executives, performance measurement training, and expenses associated with specially designated task forces and special studies.

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- \$95,000 is included to continue funding for Microsoft Outlook training for new employees and to provide refresher courses as needed.
- \$175,000 is included to continue funding information technology training in recognition of the challenges associated with maintaining skills at the same pace as technology changes.
- \$250,000 is included for Tuition Assistance Program (TAP) reimbursements for approximately 322 employees.
- \$10,000 is included for Language Tuition Assistance Program (LTAP) reimbursements for approximately 28 employees.

◆ **Worker's Compensation** **(\$6,413,588)**

Worker's Compensation premiums are no longer budgeted in Agency 89, Employee Benefits. Beginning in FY 2006, Fund 501, County Insurance, will receive a direct transfer from the General Fund for Workers Compensation. It should be noted that the County utilizes self-insurance to cover Worker's Compensation risk, meaning the County is the insurer, therefore any higher than anticipated claims payments must be covered through premium increases. A complete explanation of funding for this insurance program can be found in the narrative for Fund 501, County Insurance, in Volume 2 of the FY 2006 Adopted Budget Plan.

◆ **Other Benefits** **(\$124,114)**

A net decrease of \$124,114 from the *FY 2005 Revised Budget Plan* reflects the required contributions for Unemployment Compensation, contributions to the Employees' Advisory Council, and projected contractual increases for the Employee Assistance Program.

NOTE THE FOLLOWING ADJUSTMENTS ARE SPREAD ACROSS THE FRINGE BENEFIT CATEGORIES DETAILED ABOVE. THEY ARE REPORTED IN SUMMARY HERE FOR CLARIFICATION PURPOSES:

◆ **Market Adjustments** **\$2,163,984**

A net increase of \$2,163,984 in Fringe Benefits based on the FY 2006 Market Index of 3.07 percent is included for employees on the public safety pay scales (C,F, O and P), effective the first full pay period of FY 2006. This adjustment impacts Life Insurance premiums, Social Security contributions, and employer contributions to the Uniformed and Police Retirement Systems.

◆ **Salary Adjustments Based on Public Safety Pay Study** **\$2,360,624**

A net increase of \$2,360,624 in Fringe Benefits based on the 4.00 percent adjustment included for employees on the public safety pay scales (F and O), effective the first full pay period of FY 2006. This adjustment impacts Life Insurance premiums, Social Security contributions, and employer contributions to the Uniformed and Police Retirement Systems.

◆ **Shift Differential Rate Increase** **\$140,391**

A net increase of \$140,391 in Fringe Benefits based on an increase in the shift differential rate to \$0.85 for the evening shift and \$1.10 for the midnight shift. This adjustment impacts Life Insurance premiums, Social Security contributions, and employer contributions to the Uniformed, Employees' and Police Retirement Systems.

◆ **Adjustments to Holiday Pay** **\$349,167**

A net increase of \$349,167 in Fringe Benefits based on an increase in holiday pay to compensate employees according to their actual holiday shift hours worked. This adjustment impacts Life Insurance premiums, Social Security contributions, and employer contributions to the Uniformed, Employees' and Police Retirement Systems.

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- ◆ **Court Overtime Pay** **\$112,071**
A net increase of \$112,071 in Fringe Benefits based on the additional hour of guaranteed court overtime pay for Police Officers. This adjustment impacts Life Insurance premiums and Social Security contributions.

- ◆ **New Positions** **\$4,192,475**
An increase of \$4,192,475 in Fringe Benefits based on funding for new positions including:
 - Agency 08, Department of Facilities Management - 3/3.0 SYE new positions for the maintenance and servicing of County facilities;
 - Agency 31, Land Development Services Division, Department of Public Works and Environmental Services - 14/14.0 SYE new positions due to requirements in Site Development and Building Code Services associated with the increased level of development within the County;
 - Agency 35, Department of Planning and Zoning – 1/1.0 SYE new position dedicated to reviewing special permits and 1/1.0 SYE new position dedicated to the Dulles Rail Initiative;
 - Agency 40, Department of Transportation – 5/5.0 SYE new positions to address substantial workload-related issues;
 - Agency 50, Department of Community and Recreation Services – 5/5.0 SYE new positions for the new Southgate Community Center;
 - Agency 71, Health Department – partial year funding of 9/9.0 SYE new positions associated with the start-up of the Little River Glen Adult Day Health Care Center, 4/3.27 SYE new positions associated with the opening of a new Fairfax County Secondary School, South County, and 2/2.0 SYE new Public Health Nurses;
 - Agency 85, General District Court – 1/1.0 SYE new Probation Counselor;
 - Agency 90, Police Department – 4/4.0 SYE new positions in the Gang Investigations Unit, 8/8.0 SYE new positions assigned to Patrol in support of the County's eight District Police Stations, 1/1.0 SYE new position for the Financial Resources Division, 1/1.0 SYE new position for grants administration, and 1/1.0 SYE new position to act as the agency's Web site administrator;
 - Agency 91, Office of the Sheriff – 11/11.0 SYE new positions associated with the opening of the second half of the new floor in the Adult Detention Center;
 - Agency 92, Fire and Rescue Department – 36/36.0 SYE new positions for the new Crosspointe Fire Station, 23/23.0 SYE new positions associated with the second part of a two-stage process to reach a full complement of Advanced Life Support (ALS) Providers, 12/12.0 SYE new positions for the second phase of the Emergency Medical Services (EMS) infrastructure development; and
 - Agency 93, Office of Emergency Management – 1/1.0 SYE new position to manage the County's emergency training and exercise program.

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Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2006 Advertised Budget Plan, as approved by the Board of Supervisors on April 25, 2005:

◆ Fringe Benefit Adjustments

\$526,729

A net increase of \$526,729 in Fringe Benefits based on funding for position adjustments and limited-term support. The increase includes \$206,976 for Social Security (FICA), \$165,687 for Health Insurance, \$143,502 for contributions to the Employees' Retirement System, and \$10,564 for Group Life Insurance. Position adjustments include the following:

- Agency 08, Department of Facilities Management – elimination of 1/1.0 SYE new Locksmith position intended to increase the department's preventive and regular maintenance capacity;
- Agency 35, Department of Planning and Zoning – creation of 1/1.0 SYE new position dedicated to the Laurel Hill/Adaptive Reuse Initiative;
- Agency 50, Department of Community and Recreation Services – creation of 4/3.0 SYE new positions for the expansion of Club 78 into three additional middle schools;
- Agency 67, Department of Family Services – creation of 39/31.59 SYE new positions to staff an additional 13 School-Age Child Care (SACC) classrooms;
- Agency 81, Juvenile and Domestic Relations District Court – creation of 4/3.0 SYE new positions to maintain the Intensive Supervision Program as a result of the expiration of grant funding; and
- Agency 93, Office of Emergency Management – elimination of 1/1.0 SYE new position to manage the County's emergency training and exercise program.

◆ Dental Insurance

(\$800,000)

A decrease of \$800,000 to the County's contribution for dental insurance based on updated enrollment figures.

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◆ Retirement Contribution Rate Adjustments

\$0

No adjustment is included for changes to the employer contributions to the Uniformed and Employees' Retirement Systems. The employer contribution rate for the Uniformed Retirement System is required to increase from 24.30 percent to 24.92 percent due to the transfer of existing non-administrative employees in the Public Safety Communications Center (PSCC) from the Employees' to the Uniformed system. During preparation of the FY 2006 Advertised Budget Plan, the impact of this benefit enhancement on the contribution rate had not been finalized by the actuary. Similarly, due to an updated actuarial valuation, the employer contribution rate for the Employees' system will decrease from the 8.27 percent rate published in the FY 2006 Advertised Budget Plan to 8.24 percent. This decrease is due to a 0.04 percent decrease based on the transfer of PSCC employees, partially offset by a 0.01 percent increase based on updated costs of the Deferred Retirement Option Plan (DROP) for the Employees' system. The net impact on the General Fund of the Uniformed system and Employees' system employer contribution rate changes will be absorbed within the FY 2006 budget for Agency 89, Employee Benefits. Adjustments to the employer contribution rates from the FY 2006 Advertised Budget Plan are summarized below:

Fund	FY 2006 Advertised Rates (%)	FY 2006 Adopted Rates (%)	Percentage Change (%)	Reason for Adjustment	Change in General Fund Impact
Uniformed	24.30	24.92	0.62	Transfer of employees in the Public Safety Communications Center from the Employees' system.	\$789,508
Employees'	8.27	8.24	(0.03)	Transfer of PSCC employees to the Uniformed system and adjustment to cost of DROP for the Employees' system.	(\$86,749)
Total					\$702,759

◆ FY 2006 Retirement Contribution Rates

The following table shows the FY 2005 contribution rates and final rates for FY 2006:

Fund	FY 2005 Rates (%)	FY 2006 Rates (%)	Percentage Change (%)	Reason for Increase
Uniformed	24.30	24.92	0.62	Transfer of employees in the Public Safety Communications Center from the Employees' system.
Employees'	8.08	8.24	0.16	Required funding adjustment based on funding ratio below approved 90% level, the transfer of PSCC employees to the Uniformed system, and implementation of DROP for the Employees' system.
Police	17.96	18.44	0.48	Adjustment based on the elective 1% COLA approved.

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Changes to FY 2005 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2005 Revised Budget Plan since passage of the FY 2005 Adopted Budget Plan. Included are all adjustments made as part of the FY 2004 Carryover Review and all other approved changes through December 31, 2004:

- ◆ **Carryover Adjustments** **\$1,482,048**
As part of the FY 2004 Carryover Review, the Board of Supervisors approved a net increase of \$1,482,048, including encumbered carryover of \$393,055 in Operating Expenses and an increase of \$1,088,993 in Fringe Benefits for new positions.

The following funding adjustments reflect all approved changes to the FY 2005 Revised Budget Plan from January 1, 2005 through April 18, 2005. Included are all adjustments made as part of the FY 2005 Third Quarter Review:

- ◆ **Third Quarter Adjustments** **\$324,470**
As part of the FY 2005 Third Quarter Review, the Board of Supervisors approved an increase of \$324,470 to meet anticipated Workers' Compensation requirements. The increase in Agency 89, Employee Benefits, will fund the required increased contribution to Fund 501, County Insurance.

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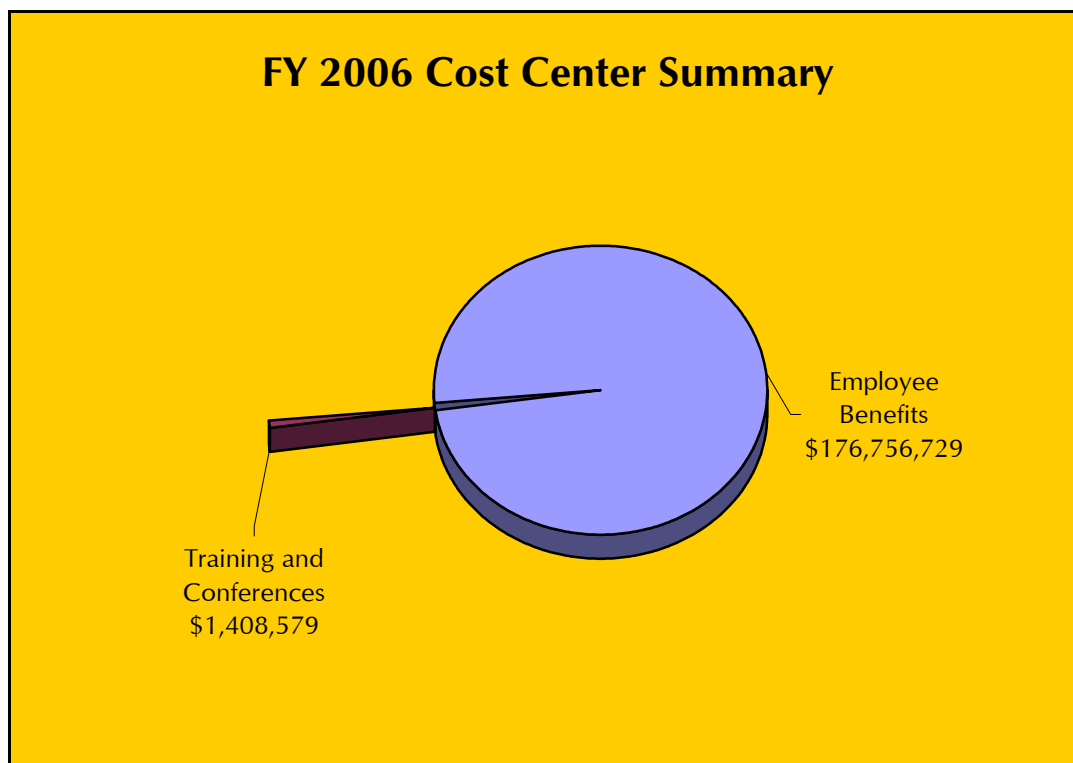
The following chart summarizes Employee Benefit costs and associated reimbursements from Non-General Fund agencies and from capital projects.

Summary of Employee Benefits Costs by Category

BENEFIT CATEGORY	FY 2004 Actual	FY 2005 Adopted	FY 2005 Revised	FY 2006 Advertised	FY 2006 Adopted	Amount Inc/(Dec)	Percent Inc/(Dec)
Fringe Benefits							
Group Health Insurance							
Expenditures	\$50,677,954	\$61,725,214	\$61,966,605	\$66,404,851	\$66,573,285	\$4,606,680	7.4%
Reimbursements	(8,601,308)	(8,294,563)	(8,294,563)	(9,677,735)	(9,680,482)	(1,385,919)	16.7%
Net Cost	\$42,076,646	\$53,430,651	\$53,672,042	\$56,727,116	\$56,892,803	\$3,220,761	6.0%
Dental Insurance							
Expenditures	\$0	\$0	\$0	\$2,562,500	\$1,762,500	\$1,762,500	-
Reimbursements	0	0	0	0	0	0	-
Net Cost	\$0	\$0	\$0	\$2,562,500	\$1,762,500	\$1,762,500	-
Group Life Insurance							
Expenditures	\$2,668,204	\$3,080,814	\$3,096,438	\$3,195,285	\$3,206,276	\$109,838	3.5%
Reimbursements	(884,040)	(556,546)	(556,546)	(1,015,493)	(1,015,920)	(459,374)	82.5%
Net Cost	\$1,784,164	\$2,524,268	\$2,539,892	\$2,179,792	\$2,190,356	(\$349,536)	(13.8%)
FICA							
Expenditures	\$44,727,366	\$48,859,385	\$49,058,591	\$52,410,826	\$52,623,250	\$3,564,659	7.3%
Reimbursements	(11,582,979)	(11,611,371)	(11,611,371)	(12,121,153)	(12,126,601)	(515,230)	4.4%
Net Cost	\$33,144,387	\$37,248,014	\$37,447,220	\$40,289,673	\$40,496,649	\$3,049,429	8.1%
Fairfax County Employees' Retirement							
Expenditures	\$25,114,178	\$33,506,748	\$33,506,748	\$37,061,273	\$37,210,578	\$3,703,830	11.1%
Reimbursements	(8,915,262)	(12,294,417)	(12,294,417)	(12,973,895)	(12,979,698)	(685,281)	5.6%
Net Cost	\$16,198,916	\$21,212,331	\$21,212,331	\$24,087,378	\$24,230,880	\$3,018,549	14.2%
Uniformed Retirement	\$24,823,288	\$30,240,540	\$30,873,312	\$33,207,127	\$33,207,127	\$2,333,815	7.6%
Police Retirement	\$14,682,200	\$15,665,171	\$15,665,171	\$17,473,164	\$17,473,164	\$1,807,993	11.5%
Virginia Retirement System	\$916,244	\$987,257	\$987,257	\$1,060,209	\$1,060,209	\$72,952	7.4%
Unemployment Compensation	\$387,563	\$507,986	\$507,986	\$403,033	\$403,033	(\$104,953)	(20.7%)
Capital Project Reimbursements	(\$1,200,362)	(\$1,186,496)	(\$1,186,496)	(\$1,240,204)	(\$1,240,204)	(\$53,708)	4.5%
Total Fringe Benefit Expenditures	\$163,996,997	\$194,573,115	\$195,662,108	\$213,778,268	\$213,519,422	\$17,857,314	9.1%
Total Fringe Benefit Reimbursements	(\$31,183,951)	(\$33,943,393)	(\$33,943,393)	(\$37,028,480)	(\$37,042,905)	(\$3,099,512)	9.1%
Total General Fund Fringe Benefits	\$132,813,046	\$160,629,722	\$161,718,715	\$176,749,788	\$176,476,517	\$14,757,802	9.1%
Operating Expenses							
Tuition/Training	\$881,117	\$1,239,542	\$1,632,597	\$1,369,542	\$1,369,542	(\$263,055)	(16.1%)
Other Operating	38,702	35,246	35,246	39,037	39,037	3,791	10.8%
Worker's Compensation	6,311,085	6,413,588	6,738,058	0	0	(6,738,058)	(100.0%)
Employee Assistance Program	270,187	303,164	303,164	280,212	280,212	(22,952)	(7.6%)
Total Operating Expenses	\$7,501,091	\$7,991,540	\$8,709,065	\$1,688,791	\$1,688,791	(\$7,020,274)	(80.6%)
TOTAL EXPENDITURES	\$171,498,088	\$202,564,655	\$204,371,173	\$215,467,059	\$215,208,213	\$10,837,040	5.3%
TOTAL REIMBURSEMENTS	(\$31,183,951)	(\$33,943,393)	(\$33,943,393)	(\$37,028,480)	(\$37,042,905)	(\$3,099,512)	9.1%
NET COST TO THE COUNTY	\$140,314,137	\$168,621,262	\$170,427,780	\$178,438,579	\$178,165,308	\$7,737,528	4.5%

Employee Benefits

Cost Centers



Employee Benefits¹

Funding Summary					
Cost Center	FY 2004 Actual	FY 2005 Adopted Budget Plan	FY 2005 Revised Budget Plan	FY 2006 Advertised Budget Plan	FY 2006 Adopted Budget Plan
Total Expenditures	\$170,578,269	\$201,289,867	\$202,703,330	\$214,058,480	\$213,799,634
Less:					
Fringe Benefit					
Reimbursements	(\$31,183,951)	(\$33,943,393)	(\$33,943,393)	(\$37,028,480)	(\$37,042,905)
Net Cost to the County	\$139,394,318	\$167,346,474	\$168,759,937	\$177,030,000	\$176,756,729

¹ It should be noted that even though most fringe benefits are budgeted in Agency 89, Employee Benefits, primary responsibility for administering these benefits is managed by the Department of Human Resources, the Retirement Administration Agency, and the Risk Management Division. For more information regarding the objectives, goals and performance indicators related to the functioning of the individual programs, please refer to the individual agencies/funds.

Training and Conferences¹

Funding Summary					
Category	FY 2004 Actual	FY 2005 Adopted Budget Plan	FY 2005 Revised Budget Plan	FY 2006 Advertised Budget Plan	FY 2006 Adopted Budget Plan
Total Expenditures	\$919,819	\$1,274,788	\$1,667,843	\$1,408,579	\$1,408,579

¹ It should be noted that the Training and Conferences cost center includes tuition/training expenses, other operating expenses, and capital equipment.